

Message Text

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PAGE 01 EC BRU 10086 201840Z

67

ACTION EUR-12

INFO OCT-01 ISO-00 SWF-01 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-01 INR-05 NSAE-00 RSC-01 CIEP-01 SP-02

STR-01 TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 AGR-05

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R 201806Z DEC 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 8030

INFO ALL EC CAPITALS 185

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, BE

SUBJECT: EC IMPORTS OF US FEEDGRAINS

REF: (A) STATE 277528 (B) FASTO 145 (C) STATE 273507, PARA 9

1. BEGIN SUMMARY: RABOT HAS PROMISED TO GIVE US ON A REGULAR BASIS EC CORN IMPORT AND SUPPLY/DEMAND DATA. HE EMPHASIZES THE COMMISSION'S DESIRE TO WORK COOPERATIVELY WITH US ALTHOUGHT HE ASSERTS THE COMMISSION CANNOT HELP US MONITOR GRAIN TRANSSHIPMENTS. WE ALSO CALLED THE GENERAL PROBLEM TO HIJZEN'S ATTENTION IN VIEW OF SOAMES' DECEMBER 5-6 WASHINGTON TALKS. WE HAVE OBTAINED LATEST AVAILABLE DATA ON CORN IMPORTS AS WELL AS EC GRAIN BALANCE. END SUMMARY.

2. WE CONVEYED THE INFORMATION IN REFTEL A TO RABOT AND PIZZUTI AND ASKED WHEN WE COULD START RECEIVING ON A REGULAR BASIS THE INFORMATION THAT WAS PROMISED US IN BRUSSELS, ROME AND WASHINGTON, DURING THE VARIOUS DISCUSSIONS THAT HAVE TAKEN PLACE ON THE SUPPLY OF U.S. FEED GRAINS TO THE EC.

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PAGE 02 EC BRU 10086 201840Z

3. RABOT (PIZZUTI WAS A SILENT PARTICIPANT) TOOK A CONCILIATORY LINE IN RESPONSE TO OUR REFERENCE TO (A) THE VARIOUS ASSURANCES GIVEN US THAT WE WOULD RECEIVE THESE DATA AND (B) THEIR NON-RECEIPT ON AN OFFICIAL BASIS. RABOT SAID THAT HE WANTED AT ALL COSTS TO AVOID THE POSSIBILITY OF FRICTION DEVELOPING BECAUSE OF THIS SITUATION AND THAT HE WISHED TO ESTABLISH A CHANNEL FOR COMMUNICATING THE PROMISED DATA TO US HENCEFORTH, EITHER HE, PIZZUTI OR FRANKLIN WOULD COMMUNICATE TO MONTEL OR A REGULAR BASIS MONTHLY CUSTOMS DATA COMPILED BY THE COMMISSION FOR ALL MEMBER STATES, THE COMMISSION'S REVISED SUPPLY/DEMAND BALANCES AS THEY BECOME AVAILABLE, AND COMMENTARY ON ALL THESE DATA. HE PROMISED US THE FIRST SUCH COMMUNICATION SOMETIME DURING THE THIRD WEEK IN JANUARY. HE SAID, HOWEVER, THAT HE IS UNABLE TO HELP US MONITOR TRANSSHIPMENTS OF GRAIN FROM ANY OF THE MEMBER STATES.

4. IN AN ENSUING DISCUSSION ON THE PRESENT CORN SITUATION, RABOT SAID THE COMMISSION REMAINS FIRM IN ITS ESTIMATE OF GLOBAL CORN IMPORTS OF 8.8 MILLION TONS, 8.0 OF WHICH WOULD COME FROM THE UNITED STATES. HE IS CONCERNED OVER THE DECLINE IN THE VALUE OF THE DOLLAR AND IN CORN PRICES, BOTH OF WHICH INCREASE THE ATTRACTIVENESS PER SE OF CORN TO COMMUNITY IMPORTERS AND, ALSO, TEND TO MAKE CORN MORE ATTRACTIVE THAN COMMUNITY WHEAT.

5. PRIOR TO THE MEETING WITH RABOT, WE OBTAINED FROM ANOTHER SOURCE OFFICIAL COMMISSION CORN IMPORT DATA BASED ON MEMBER STATES' CUSTOMS DATA, AS FOLLOWS:

1974-75 EC CORN IMPORTS (1,000 MT)

	TOTAL	FROM U.S.	PERCENT U.S.
AUGUST	1,249	962	77
SEPTEMBER	1,273	852	67
OCTOBER	846	485	57
NOVEMBER	841	556	66
TOTAL	4,209	2,855	

6. WE ALSO OBTAINED FROM THE SAME SOURCE REVISION 6 OF THE COMMUNITY'S GRAIN BALANCE AS OF DECEMBER 16, AS FOLLOWS:

EC GRAIN BALANCE 12/16/74

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PAGE 03 EC BRU 10086 201840Z

(M.S. ESTIMATES IN PARENTHESES)

SOFT

WHEAT BARLEY CORN

(-----MILLION M.T.-----)

BEGINNING

STOCKS	5.7	1.4	2.9	
PRODUCTION	41.0	34.4	14.0	(15.1)
IMPORTS	3.8 (4.3)	1.5 (1.9)	8.8	(11.2)

TOTAL SUPPLY	50.5 (51.0)	37.3 (37.7)	25.7 (29.2)
FARM USE	7.4	15.6	4.1 (4.9)
FEED USE	9.0 (8.0)	11.2 (11.0)	15.3 (16.3)
OTHER INTERNAL			
USE	22.7 (22.6)	7.8 (7.7)	4.8 (5.3)
EXPORTS	7.0 (7.7)	1.0	0.7 (0.6)
END STOCKS	4.4 (5.3)	1.7 (2.4)	0.8 (2.1)
TOTAL			
DISTRIBUTION	50.5 (51.0)	37.4 (37.7)	25.7 (29.2)

7. REF. B REPORTS A PROJECT BY THE DEPARTMENT TO CORRELATE GRAIN IMPORT LICENSE ISSUED BY MEMBER STATES OVER AN HISTORICAL PERIOD WITH ACTUAL IMPORTS OF THESE GRAINS. IN VIEW OF THE PRESENT UNUSUAL MARKET SITUATION, THE DEPARTMENT MAY WISH TO CONSIDER INSTEAD THE CONSTRUCTION OF A SIMULATION MODEL, WITH PRICE AND OTHER VARIABLES PLUGGED IN, AND A PROBABILITY ANALYSIS OF EC IMPORTS OF U.S. CORN AT VARIOUS ASSUMED VALUES OF THE U.S. DOLLAR VIS-A-VIS SELECTED EC CURRENCIES. UNDER THE PRESENT CIRCUMSTANCES, THIS WOULD SEEM TO BE A MORE RELIABLE INDICATION OF WHAT EC TAKINGS OF U.S. CORN MAY BE.

8. WE HAVE ALSO CALLED TO THE ATTENTION OF HIJZEN, OUR CONTINUING CONCERN ABOUT THE CORN IMPORT DATA QUESTION AND REMINDED HIM, AS WELL AS RABOT, THAT THIS MATTER HAD BEEN DISCUSSED WITH SOAMES DURING THE DECEMBER 5-6 US/EC TALKS
(REF. C).GREENWALD

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